CCG Helps Rooms to Go Drive Supply Chain Innovations

Rooms to Go was founded on the idea of making furniture buying easier by offering an entire room of furniture at a time, at a discounted price, so customers wouldn't have to go through the hassle of selecting and matching individual pieces to get the look they wanted. This revolutionized the furniture business, making Rooms to Go the number one independent furniture company in the US, complete with the largest furniture inventory.

Rooms to Go's core values are to provide their customers with quality, value and availability, offering a simple and enjoyable customer experience. Key to that experience is ensuring that their complex supply chain operations are managed properly.

CHALLENGE

Rooms to Go is the 25th largest importer into the US by volume, receiving nearly 70,000 shipments of product a year into six distribution centers.

With such a massive operation supporting a huge number of product lines, products and variations, knowing how much of each product to have, where it should go and when it has to arrive is a very complex undertaking. Lead times from overseas vary per product and, at this scale, mistakes are costly.

Buyers at Rooms to Go are tasked with making sure the company is stocked with enough product in the pipeline to accommodate sales, but as product lines expand, the model used to determine supply and demand was not always optimal.

Overbuying resulted in an excess of inventory which would strain the capacity of their warehouses. As a result, they would have to close loading bays in their warehouses to store product, which put unnecessary strain on delivery operations. Additionally, too much inventory meant that product had to be moved more often to fit in a limited space, increasing the risk of it being misplaced or damaged. Too much inventory meant an increase in product returns and defects.

On the other hand, underbuying product was also a risk. With availability as one of their core selling features, customers do not want to wait weeks for their items to be delivered. Not having the products customers wanted when they wanted it led to lost sales.

QUICK FACTS

> Solution: RapidInsight

> Industry: Furniture Retail

> Technology: Microsoft SQL Server Machine Learning Services, Microsoft Power BI

SOLUTION

Rooms to Go enlisted CCG to develop and deploy their RapidInsight solution, which leverages Microsoft Power BI, and allowed buyers to easily see and manipulate data so they could better manage the supply chain.

In just six weeks, Rooms to Go had a sophisticated supply chain model that combined historic data with predictive analytics to show users at a glance when and where inventory was going to exceed capacity or fall short. CCG developed statistical models that predicted costed sales, purchase orders, and on-hand inventory that can be filtered by division, distribution center, product category and time.

Access to these predictive analytics gave Rooms to Go better insight into where inventory was headed along with the ability to assess warehouse capacity requirements as the company grows.

The new platform quickly proved its value last July when it showed that the company's Lakeland distribution center was about to exceed capacity. The company was able to take proactive measures to divert the crisis, ultimately saving them from potential losses.

Todd Daniell, Director of Database Technologies/Application Development at Rooms to Go, said, "Supply chain analytics has been one of the most challenging areas for us. This new model helped us optimize the way we project, and now we're reviewing the entire order process to see what other efficiencies we can uncover."

"The insights that we've gained from the RapidInsight solution are having a transformative effect on our core business."

CCG's RapidInsight Solution helped Rooms to Go gain efficiencies in managing their supply chain, helping them reduce losses, cut unnecessary expenses and improve overall customer experience.

> *"Rooms to Go orders and warehouses a significant amount of product. If we can optimize our supply chain process to get even 3% of that back in efficiencies, that's a significant savings."*
>
> *-- Todd Daniell, Director of Database Technologies/Application Development, Rooms to Go*